

SENATE BILL REPORT

HB 1133

As Reported By Senate Committee On:
Government Operations & Elections, March 25, 2003

Title: An act relating to property tax statistics.

Brief Description: Requiring county assessors to submit an annual property tax report to the department of revenue.

Sponsors: Representatives Carrell, Cairnes, Kristiansen, Hinkle, McMahan and Mielke.

Brief History:

Committee Activity: Government Operations & Elections: 3/25/03 [DP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Roach, Chair; Stevens, Vice Chair; Horn, Kastama and McCaslin.

Staff: Ronda Larson (786-7429)

Background: State and local governments impose property taxes. The county assessor determines assessed value for each property. The county assessor also calculates the tax rate necessary to raise the correct amount of property taxes for each taxing district. The assessor calculates the rate so that it satisfies the individual district rate limit, the district revenue limit, and the limits on total property tax rates per parcel of property.

Statute limits the level of allowable increases in property tax revenues. Generally, property taxes can increase no more than 1 percent per year per parcel of property. To effect this limit, statute generally restricts local taxing districts to an increase of 1 percent over the highest levy that was imposed during the past three years. But there are exceptions. For example, in any given year, the taxing district may choose not to increase its levy up to the maximum allowable amount. When it forgoes using its power to increase, it postpones that year's increase for future use. The saved power to increase is called "banked levy capacity." A district can impose a larger than 1 percent increase in property tax levy by using banked capacity.

Summary of Bill: County assessors are required to provide a report to the Department of Revenue detailing property taxes levied within the county. The report includes the assessed value, levy rate, and levy amount for each property taxing district within the county. The report contains details of the calculations for the district revenue limits, including information on the amount of banked levy capacity.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: We need to be able to find out the amount of banked capacity that local government taxing districts have saved up. Currently, lawmakers, the Department of Revenue, or members of the public have no way to determine how much banked capacity exists in any given taxing district. Districts can impose banked capacity at any time. Just imagine how much capacity can accumulate over many years. Recently, one district in Pierce County used its banked capacity to increase its property tax levy by 80 percent in one year. This bill just enables disclosure of things as they exist. It allows information gathering that leads to a better understanding of the financial situation in any given taxing district.

Testimony Against: None.

Testified: Representative Carrell, prime sponsor.